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# ***Daily Report***

## ***Supplement***

# **China**

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## ***PROVINCIAL LEADERS ON REFORM, OPENING***

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**China**  
**PROVINCIAL LEADERS ON REFORM, OPENING**

*FBIS-CHI-91-060-S*

**CONTENTS**

*27 March 1992*

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

**PROVINCIAL LEADERS ON REFORM, OPENING**

Provincial Leaders Comment on Reform, Opening *[Hong Kong WEN WEI PO 27 Mar]* ..... 1

**Provincial Leaders Comment on Reform, Opening**

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27 Mar 92 pp 8-9

[Report: "WEN WEI PO Invites Provincial Leaders to a Forum on Local Measures for Reform and Opening Up"; first five paragraphs are WEN WEI PO editor's note]

[Text] The current sessions of the National People's Congress [NPC] and the Chinese People's Political Consultative Conference [CPPCC] were held after Deng Xiaoping made important speeches during his trip to the south and after the meeting of the CPC Central Committee Political Bureau, so the NPC and CPPCC sessions attracted close attention and high interest among the mass media at home and abroad. In such circumstances, how will various provinces on the Chinese mainland comply with the people's wishes by quickening the pace of reform and expanding the scale of opening? This is the focus of China's current political and economic tendency. In order to provide our readers with a full picture in this regard, this newspaper successfully completed a bold project—inviting party and government leaders of the 30 provinces, municipalities, and autonomous regions to make a written presentation about the major measures for accelerating reform and opening in their localities.

The provincial, municipal, and autonomous regional leaders all attached importance to and supported this newspaper's proposal. In spite of their busy schedules, they still seriously answered the two questions raised by this newspaper: 1) What will be your province's (municipality's or region's) priority in-depth reform items? 2) What will your province (municipality or region) do to expand the scale of opening? Some provincial governors even gave us very detailed presentations of their new measures for reform and opening up. Their positive response itself vividly reflected China's current political atmosphere and the inspiring prospects of China's reform and opening.

Now our readers can see the policies and development orientations for reform and opening in the near future in all provinces (including municipalities and autonomous regions) on Mainland China. For people who care about China's development, the significance of such information is self-evident.

Between the lines, our readers can also find the high enthusiasm and sense of responsibility cherished by the provincial leaders for building and strengthening our nation and enriching our people and for regenerating and developing China. This was the primary reason why this newspaper could successfully complete this project.

The presentations are hereby printed sequentially according to the order of local delegations at the NPC session.

**Beijing Decides To Let All Large and Medium-Sized Enterprises "Go Aboard" Within the First Half of This Year**

Zhang Jianmin, executive vice mayor of Beijing Municipality: At present and in a certain period to come, Beijing Municipality will stress reforms in large and medium-sized state-owned enterprises. Late last year, we began to organize

large and medium-sized industrial, commercial, foreign trade, and construction enterprises to "come on board" [shang chuan 0006 5307] in groups. That is to say, they were required to select their specific reform patterns and to sign contracts with the government departments concerned. Within the first six months of this year, all large and medium-sized state-owned enterprises in all industries and trades throughout the municipality will completely "come on board the ship" of reform, and they will then start to sail along the course of reform. After "coming on board," the enterprises will reform their internal management system in depth, will break the "three irons" and the "big pot" from which people used to eat together, will establish the new mechanisms which may effectively increase and decrease the employment of workers, increase and decrease their wages, appoint and relieve cadres, and even decide whether an enterprise can survive or not. We shall also revise and improve the housing reform plan as quickly as we can, and put it into practice after submitting it to the State Council for approval.

Last year, Beijing achieved marked results in the aspect of expanding the scale of opening, as we approved the establishment of 724 foreign-funded enterprises of the three types, with an average of two such enterprises being set up with our approval each day. New developments were also made in the aspects of import-export business and absorbing skilled and professional manpower. This year, greater steps will be taken to push the development momentum in this aspect to a new high level.

We have decided to set up an information industry base in Haidian District, where a large number of scientific research institutes and institutions of higher learning are located, and set up the Yizhuang Industrial Zone by the side of the Beijing-Tianjin express highway for attracting foreign companies to invest and run factories there.

In the suburban and rural areas, we will make full use of our rich labor and raw material resources to develop an export-oriented economy through attracting foreign investment and introducing foreign technology and equipment, and gradually establish a number of economic development zones.

For large and medium state-owned enterprises, we shall appropriate special funds as interest-deducted subsidies [tie xi bu zhu 6317 1873 5943 0504] to them in order that these old enterprises can conduct substantial technological transformation through importing advanced foreign technology and equipment, adopting advanced management systems, and employing more competent personnel, thus rejuvenating themselves. We shall also try to enable some large and medium state-owned enterprises with conditions to gain the authority to directly involve themselves in foreign trade so that they can enter the international market and directly participate in international competition.

We shall reinforce our overseas enterprises and boost their development, thus gradually forming a powerful and dynamic contingent of enterprises solely owned by us or jointly owned by us and our foreign partners in the overseas areas. We shall encourage our overseas companies with

necessary conditions to develop into transnational companies. Our tourist industry will give better play to Beijing's advantages in organizing various promotion activities as this year is a "golden year of tourism" in our country. We shall raise our tourist reception work to international standards. At the same time, we shall continue to expand our foreign exchanges in all fields and actively conduct international economic, scientific and technological, and cultural cooperation.

#### **Tianjin Takes Action On Two Fronts To Accelerate Opening and Plans to Obtain \$100 Million of Foreign Funds Each Month**

Nie Bichu, mayor of Tianjin Municipality: First, Tianjin will stress two aspects in quickening the pace of reform and opening this year: 1) Changing the internal mechanism of enterprises. The reins will be given to enterprises to handle personnel, labor, and income distribution affairs on their own. Such reform will be carried out across the board, and the intensity of reform will be increased. 2) Improving and reforming the market system and further cultivating markets for facilitating the circulation and transfer of commodities, funds, personnel, labor force, technology, and real estate. At the same time, it is necessary to separate enterprises from the government, transform government functions, and more effectively push enterprises into the market through such reforms and thus turn them into real commodity producers bearing responsibility for their own profits and losses.

Second, to expand openness this year, this municipality will focus efforts on giving play to the role of established bonded zones (free trade zones), economic and technological development zones and high and new technology estates, attracting more foreign investment, and quickening and expanding the openness and construction of the coastal area around Tanggu. In the first quarter of this year, the whole municipality obtained \$100 million of foreign funds each month. This was four times as much as the amount in the same period of last year.

#### **Hebei Promotes In-Depth Reform Through Large-Scale Opening and Promotes Foreign Economic Exchanges and Trade Through Four Channels**

Hebei Governor Cheng Weigao: We recently formulated 11 measures, more explicitly aimed at in-depth enterprise reform, at "being oriented to the market, tapping potential, and enhancing efficiency." The reform will effect two major changes (namely, changing the situation in which enterprises depend on the "big pot" of the state, and changing the situation in which workers eat from the same "big pot" of the enterprise), and will effect three-sided coordination (namely, coordinating the transformation of the government's management functions, reform of the enterprise internal management system, and reform of the social welfare system). This outlines our general reform targets.

At present, the most urgent task for us is to break the "one big" and the "three irons." This will be the breakthrough point and the starting point in the process of transforming the operational mechanisms in our enterprises and carrying out reforms in other relevant fields. We have deeply realized

in our practice that in order to quicken the pace of economic development, we must adopt a strategy for across-the-board and large-scale opening, which can promote in-depth reform and can in turn be promoted by in-depth reform.

In the process of effecting across-the-board and large-scale opening, we shall make great efforts to attract foreign investment, adopt advanced and new technology, develop an outwardly oriented economy, and learn from the advanced management methods and business practices of the developed nations. This will be put in a prominent position in our work schedule. First, we shall try to seek large customers and arrange large-scale cooperation projects for more than 100 large and medium enterprises in this province, and they can thus be transformed with foreign capital and technology being "grafted" onto them by means of joint ventures and cooperation projects and can thus take the lead in entering the international market. Second, we shall strive to develop foreign economic exchanges and foreign trade through four major channels, namely, foreign companies, foreign-invested enterprises, enterprises which are authorized to export their own products, and foreign trade companies run by prefectures and counties. They will display their special prowess and bring their own ability into full play. Third, great efforts will be made to successfully run the high-tech industry development zone in Shijiazhuang and the economic and technological development zone in Qinhuangdao. All cities directly subordinate to the province and counties (cities) with necessary conditions will be encouraged to raise funds independently to run provincial-level high-technology industry development zones. Conditions will be created to set up export processing zones in Qinhuangdao, Tangshan, Cangzhou, Shijiazhuang, and Langfang, and set up a bonded zone in Qinhuangdao. Fourth, 20 tracts of land in Qinhuangdao, Tangshan, Cangzhou, Shijiazhuang, and Baoding will be arranged for the invitation of tenders for construction. Fifth, we shall quicken the construction of harbors, airports, express highways, and communications and service facilities; establish a "foreign investment enterprise service center"; and enhance our work efficiency and service standards. Sixth, we shall consistently open up both to the outside world and to other localities in our country.

#### **Shanxi Is Determined To Break "Three Irons" and Transform Mechanisms in Large and Medium Enterprises**

Wang Senhao, governor of Shanxi Province: First, to carry out reform in depth this year, Shanxi Province will mainly continue to improve large and medium state-owned enterprises and accelerate the development of collective enterprises; individual and private economic entities; and foreign-funded enterprises in cities, towns, and rural areas. Our efforts to improve the large and medium state-owned enterprises will focus on transforming the enterprise management and operational mechanisms through breaking the "iron rice bowl," the "ironclad wages," and the "iron armchair" [lifetime tenure] and adopting the wage system linked to every specific post. Thus, the employment of workers will be effectively increased or decreased and cadres



will be appointed or relieved as necessary. This year, one-third of the large and medium state-owned enterprises in this province will carry out such reform and we shall try to make the remaining enterprises complete the same reform in two to three years. This will be a major change in production relations in the enterprises and will certainly give great impetus to the development of our productive forces.

Second, Shanxi is a major energy production base and a heavy chemical industry base. In the past 13 years of reform and opening, our base construction has reached a considerable scale and great achievements have been made. In the future, we shall firmly advance the in-depth reform, expand the scale of opening, and accelerate the construction of the energy and heavy chemical industry bases. Our efforts will be focused on developing the production of coal, coal chemicals, electrical power, various major raw materials, light industrial goods, textile goods, and garments. We will also develop our transport capacity, food processing industry, and agricultural production. We warmly welcome business organizations and companies from all parts of the world to run factories and set up enterprises in Shanxi. We shall arrange for some enterprises which have achieved good economic results to cooperate with foreign investors or set up joint ventures. We shall expand Taiyuan's airport, improve the communications facilities, simplify the procedures for foreign investment, enhance our work efficiency, continuously improve the investment environment for foreign investors, and provide favorable land, energy, taxation, and labor arrangements for enterprises run or funded by foreign investors. We shall also strive to accelerate the development of foreign trade and foreign economic, technological, and cultural exchanges.

#### **Inner Mongolia Uses Its Advantages in Border Trade, Accelerating Process of Opening East European Market**

Buhe, chairman of the Inner Mongolia Autonomous Region Government: The Inner Mongolia Autonomous Region has a vast area of land and rich resources, providing a solid material foundation for its development of resources and economic take-off. In particular, since the beginning of reform and opening up, the whole region has enjoyed a stable political situation, a prosperous economic situation, a peaceful and orderly social environment, and a good state of solidarity among the various nationalities. This has also provided favorable conditions for faster socioeconomic development. Currently, this region has begun to actually make solid and effective efforts to develop the economy by leaps and bounds through carrying out reform and opening up. In the aspect of in-depth reform, we are making breakthroughs in seven fields: 1) Setting up and perfecting the community-based service system for agriculture and animal husbandry and further carrying out in-depth reforms in rural and pastoral areas; 2) breaking "one big" and "three irons," and accelerating the transformation of the internal management and operational mechanisms in enterprises; 3) implementing the "Enterprise Law" and conscientiously

and effectively transforming the functions of various economic management departments and superstructure institutions; 4) allowing large and medium state-owned commercial enterprises and material distribution institutions to freely decide their own business, price, income distribution, and employment policies, thus advancing reform in depth in the commodity circulation field; 5) promoting fair trade and accelerating the pace of building an integrated market system throughout the whole region; 6) expanding the scope of insurance, increasing the coordinating capacity in this field, and endeavoring to advance reform of the social security system; and 7) streamlining the government's structure, enhancing the government's work efficiency, and carrying out structural reform in various government institutions from top to bottom.

At present, we will grasp the opportune moment to further expand the scale of opening; give full play to our geographical, resource, and policy advantages; be more courageous; advance with greater strides; and strive to win by supplying goods and services of better quality. At the same time, by adopting and spreading the successful experience acquired by the two economic reform experimental zones in Hulunbeir League and Wuhai City, and by the open city of Manzhouli, this region will accelerate the process of opening the markets in the CIS, Mongolia, and East Europe. We shall further develop economic and technical cooperation in all fields with coastal and other inland provinces and municipalities by using our advantages in border trade exchange for their assistance. We shall thus establish stable long-term regional cooperative relations and make full use of the existing favorable policies in this region to vigorously develop the three types of foreign-funded enterprises.

#### **The Reform of Large and Medium Enterprises Has Become a Key Issue for Liaoning, and Fushun and Benxi Cities Will Strive To Be Listed Among Open Cities**

Liaoning Governor Yue Qifeng: The large and medium enterprises in Liaoning Province account for one-tenth of the country's total. Therefore, it is an important strategic issue for both Liaoning and the entire country to activate large and medium enterprises in Liaoning. The only way out for solving this problem is to deepen reform and expand opening up.

At present, we have focused our efforts in deepening enterprise reform on transforming the operational mechanism of enterprises and breaking free from the long-standing problems of the iron rice bowl, ironclad wages, and the iron armchair. Among these problems, the problem of the iron armchair requires special attention. We should eliminate the demarcation line between cadres and workers, appoint people according to their political integrity and ability, and implement the system of appointment on a contract basis. We have put into practice an all-personnel labor contract system in Benxi Iron and Steel Corporation, which has as many as 150,000 workers and staff. At the same time, in light of the realistic conditions of different enterprises, we have also launched pilot schemes on general input-output contracting, the operational methods of "three kinds of foreign-invested" enterprises, open management, and the

share system. In addition, we allow successful enterprises to merge with those with poor economic performance and let some go bankrupt, organize enterprise groups, and do a good job of inventory readjustment, with the aim of transforming the operational mechanism and enhancing the economic efficiency of large and medium enterprises.

To attain the general goal of opening up, first, we should expand the scope of opening up. With the State Council's approval to open up eight cities and 17 counties on the Liaodong Peninsula, we will strive to enable Fushun and Benxi to be listed among those to be opened; second, we will try to expand Dalian and Yingkou Development Zones, and encourage and organize foreign businessmen to develop large areas through construction projects; third, the development zones run by cities, including Shenyang, Dandong, and Jingzhou, should quicken their development steps; fourth, Dalian should give greater play to its leading role, and make new headway in setting up foreign-invested monetary institutions and bonded zones; and fifth, efforts should be made to run more "grafting" enterprises, that is, to introduce foreign investment to transform old enterprises. In the past, some foreign businessmen had misgivings about participating in the transformation of Liaoning's old enterprises, for heavy industry requires huge investment and long circulation periods. To solve this problem, we adopted the method of practicing "two systems in one factory" by "breaking up the whole into parts," and cooperated with them on certain parts of enterprises, a certain production line, or a certain product. As a result, based on the existing conditions, we have attained the goal of achieving quick results with less investment. So far, more than 100 enterprises have successfully applied this method. We welcome all people with breadth of vision to come to Liaoning to make inspections, hold business talks, build factories and enterprises, and promote economic and trade cooperation.

#### **Jilin Uses Yunchun To Facilitate Opening Up, and Experiments on Enterprise Reform Are Making Good Progress**

Jilin Provincial CPC Committee Secretary He Zhukang: This year, Jilin will focus its efforts in deepening reform on transforming and perfecting the operational mechanism of state-owned large and medium enterprises. Our goal is to carry out open management in these enterprises so as to enable them to enter market competition and base themselves on an independent self-restrictive mechanism whereby enterprises are responsible for their own profits and losses. As a result, enterprises will no longer eat from the same big pot of the state, while workers will no longer eat from the same big pot of their enterprises. Meanwhile, we will strive to reform the circulation, finance and money, price, and social guarantee systems; vigorously step up efforts to change and improve the functions and roles of the government; grant greater management autonomy to lower levels; and strengthen and improve macroeconomic control and regulation.

We have carried out experiments in 50 selected state-owned large and medium enterprises. Provincial and city leaders in charge of enterprise reform personally go down to these

enterprises to help them solve problems cropping up in the experiments and sum up their successful experience on a constant basis. In the future, we will spread the successful experience of these pilot enterprises and carry out a comprehensive reform in all enterprises. On the whole, with the support and understanding of the leaders of the enterprises and the vast numbers of workers and staff, the experiments are proceeding smoothly. At present, a number of new enterprises have also set successful examples in this aspect and we should seize this favorable opportunity. We are determined and fully confident that with painstaking efforts we shall attain our final goal of deepening reform.

The State Council has recently granted approval to Jilin to open up its border city of Yunchun. This marks the beginning of a new phase in Jilin's opening up. Located on the eastern end of Jilin, Yunchun is contiguous to three countries, facing Korea on the south across a river, bordering the Russian Federation on the northeast, and is only 15 km from the Sea of Japan. We will make full use of the various preferential policies the State Council has granted to border open cities, vigorously promote our exchange and cooperation with foreign countries, and create flexible conditions and a sound environment for investors and cooperators both at home and abroad. We are determined to use the opening up of Yunchun to power the opening up of the entire province, with an aim to expedite the economic rejuvenation of Jilin.

#### **Entire Heilongjiang Province Fully Mobilized To Launch General Warfare To Open Up CIS Market**

Heilongjiang Governor Shao Qihui: Heilongjiang Province will focus its efforts of expediting and intensifying reform on the activation of state-owned large and medium industrial enterprises. This is mainly decided by the special position of large and medium enterprises in our province. At present, there are 430 large and medium industrial enterprises in Heilongjiang. Although these enterprises only account for 2 percent of the total number of enterprises, their output value as well as profits and taxes have comprised 60 and more than 70 percent, respectively, of the province's total. As one of China's major production bases of coal, oil, timber, and machinery, Heilongjiang mainly relies on these large and medium enterprises.

During recent years, because of some historical and realistic reasons, large and medium enterprises in our province have failed to maintain their growth rate and their economic returns have declined, thus seriously damaging their position as pillar industries.

In order to enliven state-owned large and medium enterprises, we have worked out and achieved remarkable results in implementing the following reform measures in observance of the spirit of transforming management mechanism and rationalizing various relations: 1) Gradually reduce and open up mandatory planned management, and enable enterprises to enter market competition; 2) break free from the trammels of the "three irons," and make up our mind to transform the internal operational mechanism of enterprises. To date, experiments have been carried out in more than 300 state-owned industrial enterprises throughout

Heilongjiang; 3) launch pilot schemes on the operational methods of the "three kinds of foreign-invested" enterprises, general input-output contracting, the system of separating tax from profit, and on the share system, with an aim to open up more ways to activate enterprises; and 4) vigorously expedite efforts to reform the job-awaiting insurance system, thus creating conditions to maintain the successful enterprises and close those with bad economic performance.

In its efforts to open itself to the outside world, Heilongjiang will continue to implement the principle of "establishing lateral ties with areas to its south and open up areas to its north, and carry out an all-position opening up"; give play to its geographical advantages; set the main direction of its attack at the CIS market; and give top priority to efforts to explore and open up this market. We should use border trade to power general trade and to bring along the development of the overall situation.

Located in the hinterland of the northeast Asian economic circle, Heilongjiang shares a more than 3,000-km border with Russia and has thus been known as a continental bridge linking Europe and Asia. In addition, Heilongjiang has a strong economic complementarity. Since the beginning of reform and opening up, especially during the past several years, we have tried to make full use of this geographic advantage, vigorously carried out the strategy of opening up coastal and border areas, and achieved fruitful results.]

The recent decision of the State Council to further open up Heihe and Suifenhe Cities has provided Heilongjiang Province with a better opportunity and more favorable conditions to carry out an all-position opening up. Therefore, we should further free ourselves from old and outdated ideas; work more boldly; break free from conventions; and mobilize the people of the whole province to launch a multilevel, multichannel, and multiform general warfare with an aim to race to enter and open up the CIS market. Through painstaking efforts, we will turn Heilongjiang into a window and forward position of opening up for the northern border areas of our motherland which can echo coastal areas from afar, and give rise to a situation featured by an all-position opening up.

**Shanghai Feels a Great Responsibility; Pudong Proceeding at Full Speed To Introduce Investments From Abroad and Establish Lateral Ties at Home**

Shanghai Municipal CPC Committee Secretary Wu Bangguo: In his government work report, Premier Li Peng thrice mentioned the issue of development of Shanghai's Pudong, and this once again clearly viewed the development and opening up of Pudong as an important point of the economic development strategy in our country in the 1990's. It also demanded that Pudong's development and opening up boost the economic development in the Changjiang delta and valley, and that Shanghai be built into one of the economic, financial, and trade centers in our country. Seeing this, we are very excited, and at the same time we feel a great responsibility. We must further emancipate minds, expedite reform and opening up, and solidly develop Shanghai's economy.

Shanghai is a place with the most densely established state-run large and medium enterprises. The most important aspect in deepening the reform is to thoroughly carry out the reform aimed at changing the operational mechanism within enterprises. It is necessary to carry out reform to straighten out enterprises' internal and external relations, and enable enterprises to enter the market. At present, 113 Shanghai enterprises are carrying out trial reforms of various levels, and the beginning is good. Judged from the enterprises which are carrying out trial reforms, be it economic returns, production situation, or the spirit among staff and workers, improvement is much better than what we have expected. The next step is that we will base ourselves on the spirit of last year's central work conference and the demand of the current government work report, and support and promote enterprise reform through four measures: First, further expand the trial domain of enterprise reform. This year, we will strive to allow more than 50 percent of state-run enterprises to carry out trial reforms of various styles, and encourage the enterprises with better conditions to increase pressure on themselves and carry out reforms with their own money. Second, carry out corresponding reforms of wages and social welfare. Third, further improve rules and regulations, and earnestly create favorable external conditions for enterprises to carry out reforms. Fourth, strengthen leadership and further implement various policies aimed at improving state-run large and medium enterprises.

In Pudong's new district, which is the largest district in Shanghai for carrying out the most thorough comprehensive reform and opening up, we will strive to approve 1,000 foreign-invested enterprises for establishment in the next three years, develop more than 1,000 enterprises for internal business, and open and develop some 1,000 commercial and trade organs and establishments, so as to enable Pudong's new district to have an economic development speed which is markedly higher than Puxi, and in the Eighth Five-Year Plan period, enable the new district's GNP to double on the basis of 1990, and double once again in the Ninth Five-Year Plan period.

**Jiangsu Further Expands Market Regulation; Seven Cities Along Changjiang Will Be Geared to Pudong**

Jiangsu Governor Chen Huanyou: In the area of reform, we will proceed from Jiangsu's actual situation, and first try to form a new operational mechanism integrating planned economy with market regulation as soon as possible, further expand market regulation, and give play to the function of market mechanism. Many local enterprises in Jiangsu have developed by looking for energy and raw materials themselves, as well as by making their own production decisions and looking for markets themselves. Township and town enterprises, which have developed very rapidly, have relied almost 100 percent on market regulation for development. In more than 10 years of reform and opening up, the proportion of state planning diminished, while the proportion of market regulation increased; for example, 90 percent of coal, more than 90 percent of steel, and almost 100 percent of timber and cement are relying on market regulation, and mandatory planning in our production plan



accounts for only 1 percent. To conclude, we believe that, along with the deepening of reform, it is necessary and completely possible to further expand market regulation, so as to enable our province's economy to be more vivid and vigorous.

Based on the state's general demand and on our province's actual situation, regarding the expansion of opening up to the outside world, while we continue to properly run the two open coastal cities of Nantong and Lianyungang, we will commensurately make determined efforts to properly handle the development and opening up of the economic belt along the Changjiang. The seven cities along the Changjiang in Jiangsu—Suzhou, Wuxi, Changzhou, Nantong, Nanjing, Zhenjiang, and Yangzhou—are not only the best areas in our province, but also among the best areas in the country. The GNP of these seven cities surpasses Shanghai and Zhejiang, and there is a golden waterway which is more than 400 km long (Changjiang); the Shanghai-Nanjing Railway; the completed 312 state highway, which is opened for traffic (reducing the Nanjing-Shanghai journey from 8 hours to less than 5 hours); and the highway which is under construction (it will reduce the Nanjing-Shanghai journey from 8 hours to less than 2.5 hours). There are five airports; ports with 55 berths capable of handling 10,000 tonnage class ships; and, by 1995, installed power generating capacity of 10 million kilowatts, as well as a large number of scientific research organizations and higher learning institutes. In these areas, the broad masses of cadres and people have a stronger sense of commodity economy and higher quality of labor. In these areas, by the end of 2000, per capita GNP can reach 7,000 yuan or more, and they can attain small-scale prosperity ahead of schedule, and make more contributions to attaining the country's second-step strategic goal.

We demand that the development and opening up of these seven cities be geared to Shanghai's Pudong, that is, thoroughly follow Pudong's preferential policies toward foreign businessmen, and in some aspects, such as land price, we can offer a lower price. We request the central authorities to give suitable support to these areas, and if the state has some difficulties, we can announce self-supported opening up in the core district of the economic belt along the Changjiang.

#### **Zhejiang Hopes To Expand Open Areas and Strives To Have 50 Open Cities and Counties**

Zhejiang Governor Ge Hongsheng: First, the top priority problem in the in-depth reform in Zhejiang now is to further deepen the internal reform of enterprises with stress on the shift of operational mechanism, push enterprises toward the market, and solve the problems of the iron ricebowl, iron-clad wages, and the iron armchair. Since the second half of last year, the province has selected 12 enterprises as experimental units. This year, the above reform will be carried out in one-third of the state-owned enterprises listed in the state budget throughout the province. The scope of experimental units for the shareholding system and bond issuance should be vigorously expanded. In some counties, reform experiments on government organs will be conducted and, moreover, some departments which serve the economy directly will be separated from the government and changed

from administrative bodies to economic entities. We will do our utmost to make an essential breakthrough in the above reform this year.

Second, opening to the outside world and developing our export-oriented economy is the only way out for the rejuvenation of Zhejiang's economy. In the coming one to two years, the province's opening up endeavor will focus on the following work: 1) Quicken the construction speed of the development zones, particularly the Beilungang Industrial Zone. With the approval of the State Council, the "foreign-invested" enterprises will enjoy preferential treatment granted to development zones in the Beilungang Industrial Zone with a territory of 70 square km. At present, the Beilungang Industrial Zone has entered a large-scale development and construction stage. It will be built into a provincial base for energy as well as raw and semifinished materials and into the largest export-processing zone. In the meantime, we will build Ningbo Xiaogang Economic and Technological Development Zone, Wenzhou Longwan Economic and Technological Development Zone, Hangzhou New High-Tech Industrial Development Zone, and Hangzhou Qianjiang Investment Zone. 2) Further expand open areas. We hope that on the basis of the original 37 open cities and counties in the province, the state will approve our application for opening a dozen more open areas. 3) Combined with the enterprise technological transformation program of the province this year, extensively invite foreign investment to carry out "grafting" transformation on a group of key backbone old enterprises. 4) Make use of foreign capital for several construction projects, including the infrastructure of Jinwen Railway and Hangyong Express Highway, as well as the projects involving energy and raw and semifinished materials industries. 5) Further expand the utilization of foreign capital in such fields as the development of tertiary industry and the setting up of the Hangzhou-Xihu-Jiuzhou Tourism Development Zone. Foreign-related real estate should be vigorously developed, and city construction and transformation of old cities should be accelerated. 6) Be determined to improve the soft environment for investment in order to have a strong appeal to foreign investors. Recently, our province has put into effect 11 policy documents in this respect one after another.

#### **Anhui Plans To Open Huangshan Airport and Sets Up Wuhu as the Main Force To Expedite Import of Foreign Investment**

Deputy Secretary of the Anhui Provincial CPC Committee Meng Fulin: In opening wider to the outside world, Anhui has studied and put forward 10 proposals as follows:

1. Practice opening up in all directions. We must make a breakthrough in two aspects in the near term. One is to develop and open up the areas along the river with Wuhu as a breakthrough point, making it a link to connect our province with the Changjiang Delta and the international market, and giving full play to its role as the "pioneer" of the province's reform and opening up. The other is to construct the South Anhui Tourism Zone with Huangshan as the center. Huangshan should be built into a tourist resort of Southeast Asian or even world standard so as to play the role

of a bridge in combining tourism with trade and developing the export-oriented economy.

2. Deepen foreign trade structural reform, and expand exports in foreign trade. The integration of tourism with trade should be enthusiastically implemented in a bid to establish step by step a system of internationalized and industrialized group export production and operation.

3. Simplify examination and approval procedures for foreign-invested enterprises, and delegate examination and approval power to lower levels. Prefectures and cities are vested with powers to screen and approve foreign investment projects below the amount of \$5 million, while greater powers have been granted to Hefei and the four cities along the river comprising Wuhu, Maanshan, Anqing, and Tongling.

4. Further improve the investment environment, and step up infrastructure construction. Priority will be given to the renovation and expansion of Wuhu and Anqing airports for both civil and military use, as well as Bangbu and Fuyang airports, and to the construction of the Hefei-Wuhu and Wuhu-Nanjing high-class highways.

5. Do a good job of harbor construction. We should improve the support facilities of Wuhu Port to open it to foreign ships, and make efforts to open Huangshan Airport.

6. Relax restrictions on policies and be bold in importing foreign capital. We should allow foreign investors to lease land and carry out land development over an entire stretch. Favorable terms for rents and charges for development and utilization of land should be granted in order to make up for the freight difference with the coastal port cities. In Wuhu Port, bonded warehouses and sites will be set up and gradually developed into a bonded area. "Foreign-invested" enterprises will be permitted to carry on business of the three categories of export commodities.

7. Speed up the construction of the Wuhu New High-Tech Development Zone, expand the scope of the zone, and import more foreign capital.

8. Accelerate the construction of the Huangshan Tourism Zone. We should build a second cableway as soon as possible to open the north gate, expand Tunxi Airport, transform several highways leading to Huangshan, and increase the number of tourist hotels with a view to turning Huangshan into a special zone for tourism.

9. Do well the work of establishing lateral ties at home and introducing investment abroad. We should run Pudong's "window" enterprises well, develop the layout of "shops in front and factories behind," and strengthen economic connections with the Changjiang Delta and coastal open cities.

10. Step up training of cadres and workers and staff, and increase their ability to be involved in competition in international markets.

#### **Unprecedented Level in Opening Up to Outside World By Fujian, With Cooperation With Taiwan in More Domains**

Fujian Vice Governor You Dexin [3266 1795 7451]: In line with the spirit of the central authorities' decision to further speed up the reform and opening up and develop the economy, Fujian Province plans to expand the reform comprehensively by adopting the following primary means: Change and improve the methods of operation of enterprises by breaking the "practice of everyone eating from the same big pot and the three irons" and invigorating big and medium-sized state-run enterprises; deepen the reform of the foreign trade system by granting more independent operations and accountability for profits and losses; cultivate and support an experimental shareholding system, and encourage the formation and creation of enterprises' groups; promote comprehensive "lifting of four controls" in the operation, prices, labor employment, and distribution systems of commercial enterprises, tap the financial market, and diversify the means of raising capital; seize the reform of grain prices, promote comprehensive electricity charges, integrate prices of industrial means of production below county level, and rationalize the price system; establish and perfect a system of social insurance by introducing unified planning on pension and insurance funds; and accelerate reform of the housing system and promote the commercialization of residential housing.

Furthermore, it is also necessary to vigorously promote complementary reforms in planning, investments, finance, science, education, culture, and health. At the same time, effective measures should be adopted to boost the opening up to the outside world to a higher level and a wider scope in the following ways: Broaden the areas designated for foreign investments and actively develop the tertiary industry with the use of foreign capital; seek ways to expand the scope, raise the level, and generate economic results in the investment, development, and management of land by foreign businesses; step up the preparatory work for the construction of a bonded industrial zone and market for bonded means of production in Fuzhou and Xiamen; advance certain free port policies in the Xiamen Special Economic Zone; broaden the degree of opening up in the entry and exit of people and goods, currency exchange, and import and export of foreign currencies; encourage foreign investments in the comprehensive development of agriculture, infrastructure facilities, upgrading of key industries and aging enterprises, economic readjustment and industrial restructuring.

Efforts will also be taken to expand cooperation and exchanges between Fujian and Taiwan in the areas of trade, labor contracts, science and technology, and culture in various ways, and promote "direct links for postal, air, and shipping services, and trade"; strive to import resources and technology, set up a high technology zone and new and high technology industries, and promote the commercialization, industrialization, and internationalization of scientific and technological results; strive to expand international economic and technical cooperation, manage enterprises outside the borders effectively, and secure more overseas labor and project execution contracts through diverse means; and



bolster economic links between coastal open zones and the mountain areas of the inland in order to spur the development of an export-oriented economy in these mountain areas.

#### **Jiangxi Will Follow the Coastal Regions, Build Nanchang-Jiujiang Industrial Corridor**

Jiangxi Governor Wu Guangzheng [0702 1351 2973]: The province of Jiangxi is presently promoting reforms in three areas, namely: 1) To change the methods of operations of enterprises by exposing them to the trials and tests of the markets. If enterprises are to be made to assume independent management, be accountable for their own profits and losses, and exercise self-development and self-restriction, then it is necessary to break the "three irons" so that enterprises can either survive or go broke, employees can be hired and dismissed, cadres can be promoted or demoted, wages can be raised or lowered, and enterprises can be invigorated. 2) Introduction of an experimental comprehensive structural reform in Zhangshu City, with this year's emphasis on the abolition of grain and edible oil coupons, lifting of controls on prices of grains and edible oil, and granting of adequate subsidies to employees and workers. Reform of the housing system and other supplementary reforms will also be carried out. 3) Lifting of "four controls" on all state-run cooperative enterprises, that is, the controls on the scope of operations, prices, labor employment, and wages and income. At the same time, experimental reform will be conducted on wholesale business in order to liven up the domain of circulation.

Since Jiangxi Province borders the coastal open zones, it will follow in the heels of their opening up and set up a development zone in Ganzhou; Jiujiang has already approved the entry of foreign ships into its port and is presently engaged in the construction of a bonded zone and development zone; a decision was also made to build the Nanchang-Jiujiang industrial corridor (stretching 120 kilometers from Nanchang to Jiujiang) this year. Preferential terms will be introduced to attract talents and capital; develop an export-oriented economy; develop high technology industries; promote tourism; carry out comprehensive agricultural, industrial, and commercial operations; develop the real estate industry; and carry out three-phase construction over a period of 30 years. Jiangxi has a bright prospect in the utilization of foreign capital, as it has already approved 72 foreign-funded enterprises with foreign capital of more than 70 million dollars in the first two months of this year. The city of Jingdezhen should promote an export-oriented economy vigorously and raise its competitiveness in both domestic and foreign markets. Active efforts should be made to bring in foreign capital in order to finance the upgrading of existing enterprises by "grafting." The abundant agricultural and mining products should be used to develop sophisticated and profound processing industries, relentlessly tap the international markets, and enhance the competitiveness of the products.

#### **Shandong Leader Goes South To Learn From Their Experience and Brings in Thousands of Talents in Five Years**

Shandong Governor Zhao Zhihao: After studying the speech of Deng Xiaoping during his southern tour, we assessed the opening up of our own province and came up with "14 articles" in order to boost our opening up. In summarizing them, they are:

(1) Emancipate the mind and open up comprehensively all trades and all sectors, not only the economic departments, but also the different departments in the superstructure. The courts, procuratorates, public security departments, organization departments and propaganda departments should all emancipate their minds. Only when the mind is emancipated will the door be opened fully. At the moment, the provincial party committee secretary has gone south for an inspection tour where he and his entourage will try to find the shortcomings of Shandong by comparing the province with the advances made in the south. After this meeting, we will immediately summon the party committee secretaries of the province, cities, localities, and counties as well as of the government departments in order to hold a big meeting on the emancipation of the mind and the expanding of opening up.

(2) Be bolder in bringing in capital. Even though Shandong has never had any problem with its repayment capability, various restrictions in the importation of foreign capital have in the past discouraged foreign investors. More flexibility will be needed henceforth, with the establishment of more "foreign-funded enterprises" alongside state-run enterprises as well as township and town enterprises. In bringing in capital, powers delegated by the central authorities to the province should also be delegated to the cities. Imported capital may also be used to develop commerce, secondary industries, communications, and real estate. We are prepared to allot land in Weihai and Yantai for development by businessmen from South Korea and Taiwan.

Another aspect is the introduction of technology and of skilled personnel. We plan to send some 10,000 people overseas for study tours in the next five years and also bring in 10,000 more because capital alone, without technology, will not work. We plan to attract new and high technology as well as skilled personnel with preferential terms. To improve the investment climate and meet the coming new high tide in foreign trade, efforts are being made to expand and construct port areas like Qingdao, Yantai, and Yingkou, while a new port is being built in Huangdao. The handling capacity of ports in the entire province is expected to surpass 100 million tons next year. Meanwhile, the newly-constructed international airport in Jinan will be open to air traffic in the second half of this year.

#### **Henan Seizes Simultaneous Opening Up of Cities Like Zhengzhou, Luoyang, Promotes Tourism, Trade**

Henan Governor Li Changchun: In deepening reforms, the province of Henan has concentrated on three key areas, namely: 1) Change the methods of operations of enterprises primarily by breaking the "three irons" and carrying out the

"six autonomies"; at the same time, in line with the principle of integrating planned economy with market regulation and control, supplementary reforms in the planning, price, investments, and social insurance systems are stepped up and the enterprises exposed to the markets. 2) Actively promote the structural reform of "small government, big services" by vigorously developing a collectivized service system in the rural areas and encouraging a large number of people to set up service-oriented economic entities. 3) Perfect the market system and strive to liven up the circulation domain. The advantages that Henan enjoys in terms of geography, transportation, and resources are fully tapped in order to accelerate the development of specialized markets like big and medium-scale wholesale market, futures and stock markets, technical market, labor market, and market on the transfer of property rights. Henan Province concentrates on the opening up of cities along the Huang He, with focus on Zhengzhou and Luoyang, but also including Jiaozuo, Xinxian, Kaifeng, Sanmenxia, and Xuchang, and actively promotes the formation of a "bridge" (continental bridge linking Asia with Europe) opening pattern. The province will basically accomplish the following two tasks in the near term: 1) Exert great effort to improve the investment climate by speeding up the construction of key projects like the Zhengzhou-Kaifeng-Luoyang super-highway, installation of 380,000 stored program controlled telephones in 17 cities and localities, and the creation of a central materials trading center, and striving to begin work on the pivotal projects like the Zhengzhou airport, phase two of the renovation of the Zhengzhou train station building, and the central exhibition center. The two new and high technology development zones in Zhengzhou and Luoyang should be managed satisfactorily in order to convert them into the province's window to the outside world. A development zone will be allotted in Zhengzhou for Taiwan-funded enterprises. Furthermore, efforts will be made to have Zhengzhou approved by the state as an inland open city. At the same time, laws and regulations on foreign-related matters should be further perfected, while all policies and rules which hinder the opening up to the outside world should either be amended or abolished in order to carry out a more flexible open policy. A comprehensive center servicing foreign investors should be set up in Zhengzhou and Luoyang, and the quality of personnel involved in foreign-related matters enhanced in order to raise their levels of efficiency and service. 2) Carry out a series of large-scale activities in tourism and foreign trade, expand the scope of "three ins and three outs," and promote tourism and trade. Efforts should continue to be concentrated in managing the China Zhengzhou International Martial Arts Festival as well as the Luoyang Peony Flower Show satisfactorily, step up the development and construction of the 10 major cultural relics and tourist spots, and introduce the "Huang He tour" this year in order to show the world the splendors of China's 6,000-year-old civilization. It is also necessary to bolster the establishment of a foreign-funded project bank at all levels; vigorously bring in capital from Hong Kong, Macao and Taiwan compatriots as well as from Overseas Chinese; actively develop foreign-funded enterprises; and manage well the existing foreign-funded enterprises.

#### **Hubei Will Work Hard To See That Foreign Ships Steam Into Wuhan as Soon as Possible, Take Faster Steps To Lease Land**

Hubei Governor Guo Shuyan: In order to further reform, the first step Hubei will take is to vigorously carry out enterprise reform and change and improve the operational mechanism. It is necessary to destroy the enterprise practice of giving every worker an "iron rice bowl," the personnel system of giving every cadre an "iron armchair [lifelong tenure]," and the internal distribution system of giving every employee an "ironclad wage" and introduce a management mechanism under which wages can be readjusted upwards and downwards, workers and staff can be recruited and laid off, and cadres are ready to work both at the top or at the grass roots. We are planning to select 150 enterprises and two cities directly under the provincial governments in the province to carry out the pilot work project for such a mechanism and then gradually introduce the mechanism in other enterprises and cities. In the meantime, we will lift restrictions on operations, pricing, and the distribution of state-owned commercial departments, build up a number of specialized markets with local characteristics or inter-regional and inter-provincial specialized markets, and organize a number of competitive commercial groups, materials groups, or companies. In addition, we will carry out housing reform and reform of the social security system in eight cities directly under the provincial government and two cities specially designated in the state plan.

To open wider to the outside world, we shall, apart from training cadres, enhancing their awareness of reform and opening, and committing all walks of life in the province to open to the outside world, build more infrastructural projects to build a broader material base for opening to the outside world. At present, we are stepping up the construction of the Wuhan Tianhe International Airport, the Second Wuhan Chang Jiang Bridge, a first-grade highway linking Yichang and Huangshi, the Yangluo Power Plant, the Ezhou Power Plant, and the (Geheyan) Hydroelectric Station and are making preparations for the Wuhan Port to open to foreign ships so that they will steam into Wuhan Port at an early date. We will also simplify procedures necessary to approve the setting up of "foreign-invested" enterprises and it will take 30 days for ordinary projects to go through the necessary procedures including listing [li xiang 4539 7309], assessment, signing of contracts, and registration. We will also set aside 500 hectares of state-owned land in 65 lots in the Chang Jiang economic development strip in Hubei for leasing out. We shall provide favorable investment environment and conditions for foreign friends and compatriots in Taiwan, Hong Kong, and Macao and strengthen cooperation and contacts with them in the economic, trade, and technological fields.

#### **Hunan Will Build "Five Areas and One Corridor," Open North and South Areas Wide and Step Up Importation**

Hunan Governor Chen Bangzhu: Hunan will focus on reform in the following three aspects:

1. Vigorously promote the transformation of the operational mechanism of state-owned large- and medium-sized enterprises so that they will really become economic entities that make their own management decisions and are responsible for their own profits and losses.

2. Vigorously promote rural reforms. While continuing to improve the contract responsibility system on a household basis with remuneration linked to output, we shall make great efforts to set up and improve the socialized service system.

3. Vigorously carry out reform in the circulation field. The state-owned enterprises, collectively owned enterprises, and individual sectors will join force to stimulate reform and the broad masses of peasants will be encouraged to join circulation.

To open wider to the outside world, we will put forward, in line with Hunan's actual conditions, a "three-promotion" principle of "promoting foreign trade through establishing economic relations, promoting reform through importation, and promoting development through opening." We are determined to open Hunan further to the outside world in accordance with this principle.

First, we will open wide Hunan's southern and northern areas, namely, we shall open wide and develop Yueyang in the north, taking advantage of diffusion from the opening of the Pudong District, and open wide Chenzhou Prefecture in the south, exploiting its geographical advantage in bordering on Guangdong, so as to expedite the construction of transitional experimental zones.

Second, we will build "five zones and one corridor" of hi-tech development areas in Changsha, Zhuzhou, Xiangtan, Hengyang, and Yueyang Cities, which will form a high-tech industrial corridor extending from north to south, and we will implement preferential policies and provide a favorable investment environment to attract foreign and domestic investors to run high-tech enterprises in those development areas.

Third, we shall develop Hunan's western part, especially the mountain areas, namely, Huaihua Prefecture and Xiangxi Autonomous Prefecture, to tap the rich mountain and forest resources. At present, only mountains meet our eyes when we open the doors, but in the future we will see wealth, forests, fruits, and herbal medicine on opening our doors.

Fourth, we shall continue to properly organize "three festivals and two parties," namely, the international dragon boat festival, the fireworks festival, and the forestry-protection festival, the Nanyue temple fair, and mass celebrations in parks in Taohuayuan. We shall vigorously promote tourism, trade, and economic development.

#### **Guangdong Decides To Work Along Four Lines, Increase Level of Reform, Opening Up**

Zhu Senlin, governor of Guangdong Province: In improving reform, we will mainly promote work in the following four aspects this year:

1. To improve enterprise reform, focusing on the comprehensive reform experiment in 100 enterprises aimed at changing their mechanism.

2. To expedite reform of the price and circulation structure, including making a big stride forward in grain price reform, which has been submitted to the State Council for approval.

3. To continue to promote reform of the financial structure and to perfect the operational mechanism of professional banks to open up more funds markets and find more channels for raising funds. We will actively carry out shareholding system experiments in enterprises and make full use of Shenzhen's stock market to increase the issuance of shares and bonds. We will also establish a number of foreign banks' business organizations in large cities with the approval of the higher authorities.

4. To expedite the pace of reforms of the social insurance system, housing system, and management of national assets.

In opening up wider to the outside world, the first thing we will do is to expand the open areas. We will increase the degree of openness in the interior and mountain areas of our province, take Huizhou's Daya Bay, the western district and Hengqin Island in Zhuhai, and Guangzhou's Nansha area, as the main regions for expanding opening up in the 1990's; and expedite the pace of development and opening up in Shantou's Nanao Island, Zhanjiang's Donghai Island, Yangjiang's Hailing Island, and Taishan County's Shangxiachuan Island. Second, we will increase the level of opening in the cities which are in the forefront of opening up. Shenzhen, Zhuhai, and Shantou will be developed into types of scientifically and technologically developed, modernized, comprehensive, and multifunctional special economic zones. In the open areas on the Zhujiang Delta, we will speed up construction of three new and high technology development zones, and a high-tech industrial zone, endeavoring to develop them into economic regions with great vitality and which are comparatively competitive and attractive in the Asia-Pacific region. A relatively developed information, finance, and trade center must be established in Guangzhou so as to expedite the pace of internationalizing industry. Third, we will make positive efforts to promote foreign economic relations and trade. During the Eighth Five-Year Plan, we mean to make use of more than \$10 billion in foreign exchange in this respect. We will invest more than 35 billion yuan in power construction and increase our electric power production capacity by 6 million kilowatt. We will invest more than 16 billion yuan in developing communications, post, and telecommunications projects, to increase the capacity of our telephone exchanges to 4 million lines. At the same time, we will further perfect laws and regulations concerning foreign economic relations and trade, simplify work procedures, and increase work efficiency to create a good environment for foreign investment.

#### **Guangxi To Develop the "One, Two, Three, Four, Five" Projects; Pingxiang, Dongxing Will Open to Vietnam**

Cheng Kejie, chairman of the Guangxi Zhuang Autonomous Region: Proceeding from Guangxi's realities, in order to further reform, the most important task is to successfully



carry out financial reform, while implementing the policies and measures for enlivening large- and medium-sized enterprises. At present, the construction of large numbers of large- and medium-sized energy and communications projects has begun in Guangxi and some other projects will start soon. There is a great demand for funds but to introduce foreign funds, we also need accommodation funds. However, our ability for accumulating funds is rather low. The funds problem is the biggest problem restricting our construction. The masses now have much money in their hands. The year-end balance of savings deposits totaled over 20 billion yuan last year, but due to the restriction of the "cage," loans were kept within a small limit. For several years running, deposits were higher than loans. How do we use the masses' money in our construction? This is an important matter. The way out is to carry out financial system reform. Another thing to do is to enliven circulation. The third is to simplify administration and delegate power to the lower levels. Some power from the regional authorities must be delegated to the prefectures, cities, and counties.

Guangxi is a coastal and border region and has many rivers. It has good conditions and great potential for opening up to the outside world. How do we open wider to the outside world? First, we must continuously enhance our sense of opening up. Whether Guangxi can achieve greater economic development in the next decade depends largely on its scale of opening. Second, we must improve our investment environment and lay stress on the construction of energy, communications, and other basic facilities. Guangxi will witness a rapid development in power construction during the Eighth Five-Year Plan. Total installed capacity will reach more than 6 million kilowatts, almost double that at the end of the Seventh Five-Year Plan. In traffic and transport facilities, we will mainly develop the "one, two, three, four, five" projects, namely: Harness one river and build two railways, three airports, four seaports, and five high-quality highways. Most of these projects have already begun construction. Third, we must expand our open areas at various levels and in all directions. The main task is to develop the coastal and border areas and the areas along the rivers. We have selected Pingxiang and Dongxing, where conditions are comparatively good, for this development, expecting the state to put them in the list of open cities and towns. Recently, we decided to invest 250 million yuan in the construction of power, road, and communications projects in these two cities. In the northwestern mountain areas, the main task is to implement the preferential policy on aiding the poor in light of the local conditions and promote development by opening up. Fourth, we must run all kinds of development zones properly, such as the: National-level high and new technology development zone in Guilin; the bio-engineering technology development zone and the Overseas Chinese development zone in Nanning; the foreign materials processing zone in Wuzhou; and the Overseas Chinese economic development zone in Rongxian County. A sound basis has already been established in these development and processing zones but we must expedite their development pace. Fifth, we must vigorously develop

bilateral economic ties, especially economic cooperation with the large southwest region, Guangdong, and Hainan.

#### **Hainan Is Researching Policy for Broader Opening Up With Yangpu in Vanguard of Development Upsurge**

Liu Jianfeng, governor of Hainan Province: As China's largest special economic zone Hainan, when implementing and putting into practice the party's basic line of "one center, two basic points" and Comrade Deng Xiaoping's exposition on building socialism with Chinese characteristics, will carry out the principle of opening up, reform, and construction on a large scale; utilize policies; lay a good foundation; pay close attention to implementing policies; seek high efficiency; and achieve initial success in the development of Hainan as soon as possible.

1. Hainan's most urgent reform task at present is to reform the price system and build a market system as soon as possible. The prices of consumer goods and the means of production in Hainan will fluctuate along with market changes and gradually enter the orbit of market regulation. For this reason, it is imperative to establish the markets for various essentials and build a market system as soon as possible. The prices of consumer goods, including grain prices, will be completely opened to the market and the prices of 13 means of production items will be transferred from the dual-track to the single-track system.

Changing the operating mechanism of enterprises, enhancing their economic efficiency, and bringing them into the market are also important aspects of Hainan's reform. Experiments on the joint-stock system in enterprises will be boldly carried out. On the basis of the internal issue of 530 million yuan of shares in five enterprises, Hainan will let more enterprises issue shares and have them listed when appropriate.

Besides, Hainan is going to reform the social security system, making unified arrangements for care of the aged, job-awaiting welfare, industrial injuries, and medical care; further improve the system of "small government, big society"; streamline government organizations; and enhance efficiency.

2. Hainan's large-scale opening up means comprehensive, omnidimensional opening to the outside world, maintaining links with the rest of the country, and assimilating resources from abroad. First, it is necessary to run the existing industrial, comprehensive agricultural, high-technology, tourist, and financial development zones properly, so that they can pay off in the shortest time possible. Next, is to run the Yangpu Economic Development Zone efficiently. The State Council has approved the plan whereby foreign businessmen can invest in this zone and develop it plot by plot. This will serve as a powerful catalyst for Hainan's reform, opening up, development, and construction. The publication of the news has caused strong repercussions at home and abroad. It is foreseeable that another high tide of development and construction in Hainan is on the way. Separated management will be exercised in the Yangpu development zone, which is a new mode of plot development in our country.

Hainan will make vigorous efforts to absorb foreign investment in all dimensions and develop industrial, agricultural, trade, and tourist projects. Hainan will also study and implement the mode of a true special economic zone with greater openness and more preferential policies. This plan will be gradually carried out after it is approved by the central authorities and when the time is ripe.

#### **Sichuan Brings Arms Industry Potential Into Play, Opens Up Comprehensively Through Cooperation With Coastal Areas**

Zhang Haoruo, governor of Sichuan Province: The central tasks in improving the reform in Sichuan this year are to improve the enterprise reform and do a good job of reform experiments in 105 large- and medium-sized enterprises; expand the experiments on the joint-stock system in enterprises and set up the primary market before building the secondary trading market; expedite the pace of "transforming the arms industry into civil production" and enliven and give play to the arms industry enterprises' potential; cultivate the market and enliven circulation; continue efforts to sort out prices, especially those of agricultural and sideline products; and, on the basis of last year's experimental grain prices in Guanghan City and the experiments on the reform strategy of "comprehensive opening up, hitting the target at one go," conduct experiments on a larger scale.

We will make energetic efforts to develop the market, initially the wholesale markets for Sichuan's agricultural specialties oriented to the whole nation and 62 local markets. (We have built meat, vegetable, and grain markets, and will build markets for oil crops, fruit, medicinal materials, and alcoholic drinks.)

As an inland province, Sichuan plans to broaden the opening up in the following areas: Developing its strong points to offset its weaknesses, that is, giving play to its advantages in natural resources, technology, and labor; absorbing foreign investment; and expanding exports. Besides, Sichuan will partially open up its tremendous potential to attract foreign investment and business.

Furthermore, omnidimensional opening up will be conducted. Sichuan will, in conjunction with coastal and frontier provinces and municipalities, establish more enterprises in coastal areas which serve as windows, increase exports of Sichuan products, and conduct joint trade with coastal and frontier areas. It will "borrow boats to go to sea" and "go abroad through the borders of others." This means it will cooperate with Yunnan and Guangxi in opening up the southern silk road and expanding its economic relations and trade with Southeast Asian countries (including Vietnam, Burma, Thailand, and Laos); and with Xinjiang and Heilongjiang in expanding its economic relations and trade with CIS members.

Sichuan will make energetic efforts to improve its soft and hard [ruan ying 6516 4289] environments for investment to attract foreign investment in properly running the high- and new-technology development zones and Taiwan investment zones in Chongqing and Chengdu Cities. Sichuan will take advantage of the catalytic impact of Pudong's development on the opening up in the Chang Jiang Valley, designate some

cities along the upper reaches of Chang Jiang in our province with adequate conditions as open cities along the river, and then pick those with better conditions as foreign-oriented technological and economic development zones to attract foreign investment. This will bring to the fore some relatively good enterprises in seeking cooperation with foreign investors, conduct technical transformation in the form of "grafting," practice "one factory, two systems" or total amalgamation of funds, and make energetic efforts to readjust the proportions of export products.

#### **Guizhou Gives Play to Resources Superiority; New Reform Moves by Inland Provinces**

Wang Chaowen, governor of Guizhou Province: In this year's reform and opening up, Guizhou must first properly grasp the deepening of reform in enterprise internal structure and switching the management mechanism of enterprises. The focus of work in properly handling state-run large and medium enterprises and key enterprises should be on switching the enterprises' management mechanism. Expediting reform in the labor, personnel, and distribution systems within enterprises and setting up social insurance system are the breakthrough points. We must gradually install an all-personnel labor contract system and a cadre appointment and post skill-linked wage system, smash the "iron ricebowl, ironclad wages, and iron armchair," and form a competitive environment where "posts are obtained through competition and income is earned by contributions."

With regard to expanding opening up: Guizhou is an inland province whose economy and culture are relatively backward. However, our province is rich in natural resources, both above and under the ground. Reform and opening up is the road of national strengthening and must be expedited. First, the entire province—both the upper and lower parts—must conscientiously study and profoundly appreciate the spirit of the party Central Committee Political Bureau conference and the series of Comrade Deng Xiaoping's important speeches on building socialism with Chinese characteristics; take note of linking the spirit with practical situations; and firmly grasp and implement tangible and intangible building in opening up to the outside world. To create a better environment for expanding opening up to the outside world, the opening up concept must first be firmly planted in our minds. We must further open up the gates of our mountain villages and welcome foreign friends—with offers of preferential treatment—to invest, set up enterprises, and trade in Guizhou. Second, further improve the infrastructure. The State Council has approved the construction of the large Longdongbao Airport in Guiyang City, a high-quality highway from Guiyang to Zunyi, communication facilities, and so on. Third, lobby the State Council to give coastal preferential policies to the Guiyang High and New Technology Development Zone; this is being actively pursued. Fourth, set up windows in coastal regions and the northeast and actively expand opening up to the outside world.



**Yunnan Seizes Three Opportunities, Develops Border Trade, Orients Toward Asia-Pacific**

He Zhiqiang, governor of Yunnan Province: Regarding reform, Yunnan Province will:

1. Taking enterprise reform, the circulation structure, and housing as the focus, push enterprises toward the market, promote smooth circulation of products, and expedite construction of residential buildings to meet the people's needs.
2. Grasp the three opportunities: 1) Southeast Asia is turning toward economic construction; 2) The state is pursuing an opening up strategy along the coast, rivers, and borders; and 3) The state is boosting economic development in nationality areas in the western region.

Give play to the three advantages: 1) Location advantage: Yunnan adjoins Burma, Laos, and Vietnam, is a neighbor to Thailand, and has a 4,000 km border; 2) Yunnan has rich natural resources; and 3) Yunnan has unique tourist attractions.

3. Expand opening up and promote exploitation and development with opening up. We will vigorously develop border trade, strengthen economic, trade, scientific, and technological cooperation with neighboring countries, and move toward the Asia-Pacific region step-by-step. For these goals, we will adopt a series of measures, including formulating preferential policies to attract foreign-capital investment. Enterprises in the province will also venture outside and compete at the international level.

**Tibet Takes Stock of Practical Situation, Smashes Isolation, Develops "One Lake, Two-River Region"**

Gying Puncog Cedain, vice chairman of Tibet Autonomous Region: The main task for Tibet in deepening reform is to base itself on the practical situation and expedite economic development. We will continue to venture deep into farming and animal husbandry areas to conduct reform; genuinely and effectively raise the capacity of farming and animal husbandry as the fundamental industries; reform the production and management methods lagging behind the development of productive forces; continue to guide peasants to pursue the combination of a variety of management forms; develop township and town enterprises and multiple operations; and further strengthen the development of the commodity economy.

At present, the development of the middle reaches area of the "one lake and two river" region (WEN WEI PO footnote: The "middle reaches area of the one lake and two-river" region refers to the 65,700 square km area of the central section of Yarlung Zangbo Jiang, Lhasa He, and Nyang Qu). He is a project with the largest investment and scale in Tibet. When the project is completed, 18 counties in the three prefectures and cities in the middle reaches area, account for over 35 percent of Tibet's total population, are expected to benefit from it; and 100,000 hectares of farmland will benefit from the project, about 45 percent of Tibet's existing farmland. There will be 4.5 million hectares

of grassland, 28,700 hectares of afforestation, and 250,000 Kw of installed generating sets. It is estimated that grain output will increase annually by 8.75 to 10 million kg. The development area will provide 50 to 100 million kg of commodity grain; annual per capita agricultural output value will reach 800 to 1,000 yuan, 474 kg of grain, and six to nine kg of butter.

Along with implementation of the reform and opening up policy, Tibet's long-standing isolation has been smashed. We will further strengthen and deepen reform and expand opening up to the outside world. We will also further expand Tibet's economic and technological cooperation and exchanges with other provinces and foreign countries. Tibet Autonomous Region welcomes foreign manufacturers to invest or set up sole or joint ventures in Tibet. Tibet offers preferential conditions for foreign-capital enterprises such as reduced levies or waiving taxes and duties. Overall the principle is: Widen the scope for foreign investment, give preferences to foreign capital, and welcome guest businessmen to set up offices in Tibet.

**Introducing Reformatory Measures One After Another, Shaanxi Dares Play Leading Reform Role**

Bai Qingcai, governor of Shaanxi Province: Shaanxi Province has been introducing a series of major reformatory measures since last year. Among the adopted measures are the program to further enliven commodity circulation; the operation to invigorate large and medium state-owned enterprises; the measures to bring about a turn for the better in the financial situation; and reform of the housing, public subsidized medical services, and social security systems. To ensure that these reformatory measures are implemented in a down-to-earth manner, we have publicized them among the masses and educated the public so that they show understanding for, support, and get involved in the reform; be brave in blazing new trails; boldly plunge into practice; and play a leading role in the process. Conspicuous results have been achieved in this regard. At present, our main tasks are to break away from the "three irons" (namely the iron ricebowl, ironclad wages, and iron armchair); take this as a starting point for breakthrough; and expedite the transformation of the enterprise management mechanism, thus plunging enterprises into the market. We believe that the conditions in enterprises are bound to change substantially once the "three irons" issue has been solved properly.

Shaanxi Province is situated in China's hinterland. As a historical fact, this province was the cradle of the Chinese nation and the starting point of the ancient Silk Road. In ancient times, Shaanxi was an extremely prosperous area where businessmen and traders came from all over to do business. Since the founding of the PRC, this province has undergone tremendous social and economic changes: Quite a full range of industrial branches have been developed; a large number of colleges, universities, and scientific research institutes have been set up and staffed with scientists and technicians; the infrastructure, such as communications and postal and telecommunication facilities, have been strengthened; foreign trade and tourism has thrived; and a number of Sino-foreign joint ventures, for example

the Xian Yangsen Pharmaceutical Factory, have been established. In accordance with the basic guideline laid down by the state, the Shaanxi Provincial Government has also formulated some policies to encourage foreign businessmen to invest. Last year, the State Council approved the project to establish a hi-tech development zone in Xian City (known as Changan in ancient times). The Ministry of Foreign Economic Relations and Trade has ratified the plan for a foreign economic and technological cooperation symposium sponsored by five provinces and autonomous regions in northwest China, which is to be held in Xian this September. All these efforts have paved the way for Shaanxi Province to further expand the scale of opening up to the outside world. We are expecting business circles, industrialists, and the foreign financial sectors to be more bold in starting investment projects, establishing enterprises, trading, and running economic and technological cooperation projects with us in Shaanxi. We are sure that both Chinese and foreign partners will share profits from such cooperation based on mutual trust.

**With Minds Emancipated, All Gansu Province Has Plunged Into Reform; Dunhuang Will Become Development Zone**

Li Ping, vice governor of Gansu province:

1. As far as in-depth reform is concerned, Gansu Province has: Thoroughly implemented the guidelines laid down by the Eighth Plenary Session of the 13th CPC Central Committee in rural areas; more deeply carried out rural reform; consolidated the contract responsibility system on a household basis with remuneration linked to output; improved the two-tier management structure developed a social services system; and Gansu Province has intensified the collective economy, step by step. On the other hand, regarding the urban economy, the focus of in-depth reform has been placed on invigorating large and medium enterprises and transforming the enterprise management mechanism. An operation to do away with the practice of eating from the same big pot and the "three irons" (namely, the iron ricebowl, ironclad wages, and iron armchair) has been launched as the starting point for a breakthrough in the in-depth enterprise reform. The operation of "the four lifting of restrictions" [si fang kai 0934 2397 7030] has been expanded among enterprises dealing in commodity circulation and the operation of "five self-reliances" [wu zi li 0063 5261 4539] has been further expedited among industrial enterprises. In this connection, the provincial party committee and government have formulated 10 measures and have involved all of Gansu Province in a massive discussion to encourage people to emancipate their minds. Action has been taken in light of local conditions to further the reform in depth and increase the pace of economic development. In addition to the above, we will accelerate housing reform and establish a centralized social security system.

2. As far as the expansion of the process of opening up to the outside world is concerned, Gansu Province will accelerate its pace. With very rich energy and other natural resources, Gansu Province is one of China's major producers of raw and processed materials. It has been verified that the province has over 100 kinds of minerals and ranks first

among other provinces in reserves of nickel, copper, aluminum, lead, zinc, antimony, and rare and precious metals. Gansu Province is also more important than many other provinces in terms of reserves of iron, phosphorus, manganese, gold, silver, sulphur, and petroleum. In addition, this province has already been built into an industrial base with the power, oil, petrochemical, nonferrous metal, electronic machinery, and woolen textile industries as the mainstays. Gansu Province abounds in hydropower and coal resources. It is also rich in agricultural and side-line products, producing over 1,000 kinds of valuable medicinal materials and a wide variety of fruits and vegetables in large quantities. With well-developed transport, communication, and civil aviation facilities, Gansu Province serves as a communications hub for northwest China and a key link in the Asia-Europe continental bridge. Based on all the above advantages, five small development zones have been set up, namely: Lanzhou Hi-Tech Zone, Jinchang East District, Baiyin West District, Xicheng District, and Lianhai District. A series of preferential policies have also been introduced and rapid progress has been made in this regard in recent years. We also plan to open the Zhongchuan District in Lanzhou, Gaolan, and Dunhuang as economic development zones and let them play a leading role in the program. We are sincerely looking forward to cooperating with partners from other parts of the country, or from abroad, in running development projects in Gansu. Investors are equally welcome to fully run development projects with their own funds. For our part, we will offer every preferential treatment we can to support such projects.

**Exceptionally Rich in Natural Resources, Qinghai Will Do Its Best To Bring Its Own Favorable Conditions Into Play**

Bainma Dandzin, vice governor of Qinghai Province: Situated in the western hinterland, Qinghai Province has a small population, is underdeveloped, and lacks communication and transport facilities; however, it is rich in natural resources. Therefore, while striving to break away from the "three irons" and transform the enterprise management mechanism as other provinces are doing, Qinghai will also need to vigorously explore the following resources:

1. Development of the resources for the salt-related chemical industry: Qinghai abounds with salt resources, possessing over 90 percent of the country's salt resources.
2. Development of water resources: Six large hydropower stations can be built in the upper reaches of the Huang He to raise the annual power generating capacity by 30 billion kilowatt-hours.
3. Animal husbandry: Qinghai is one of China's five major pastoral areas.
4. Qinghai Province is rich in nonferrous metal resources.

To expand the process of opening up to the outside world, we welcome foreign businessmen and foreign firms to join in resources exploitation projects, and we are ready to offer them every preferential term we can. To suit local needs, we invite other provinces and autonomous regions to run investment projects or joint ventures in this province. We

encourage nongovernmental investment projects and persist in opening up to the outside world.

**Ningxia Is Determined To Overcome Fear of Difficulty, Will Strive To Raise Export Volume by Over 20 Percent**

Bai Lichen, chairman of the Ningxia Hui Autonomous Regional People's Government: Ningxia is inhabited by various nationalities. Although the province has made great progress since the Third Plenary Session of the 11th CPC Central Committee, it still lags far behind developed areas in the country. The gap between Ningxia and developed areas is displayed, not only in the degree of economic development, but also in the mental and conceptual aspects, which is more important. In view of this fact, we maintain, it is necessary to set great store by emancipation of the minds as the key link, if we are to further speed up reform and opening up.

The focal points of reform are: 1) It is necessary to further transform the enterprise management mechanism and to invigorate enterprises through comprehensive reform of the labor employment system and the distribution system in industrial enterprises. 2) It is necessary to fully implement the policy of "lifting restrictions on four aspects" (namely, business operation, pricing, labor employment, and remuneration distribution) among commodity supply enterprises and to introduce the management system currently practiced by foreign-funded enterprises into some other enterprises; 3) Under the guideline of reform and development, rural areas are to step up development while properly running "well-to-do living standard" pilot projects. The other aspect of the reform is to create a relaxed social environment by making a market for production elements and establishing a social security system.

As to the process of opening up to the outside world: 1) We must further emancipate our minds, update our concepts, overcome fear of difficulty, and learn from developed, coastal areas; 2) It is necessary to conscientiously sum up experience, straighten out ideas on the undertaking of opening up to the outside world, properly plan operations, and implement plans step by step; 3) We must do all we can to prepare public opinion and to publicize the idea of opening up to the outside world, not only vigorously publicizing the importance of opening up to the outside world but also promoting the image of Ningxia; and 4) It is necessary to do practical work and to make every effort to eradicate formalism. This year, through solid and effective work, we are to increase the region's returns derived from exports by more than 20 percent; the total number of foreign-funded enterprises will be doubled; and we will step up the construction of high and new technology development zones, implement more preferential policies, and offer Chinese and foreign investors a good investment environment.

**Xinjiang Is Determined To Eliminate Influence of "Leftist" Ideology; Will Strive To Reach Well-to-do Living Standards Along With Other Parts of the Country**

Song Hanliang, secretary of the Xinjiang Regional CPC Committee: Amid the great tide of reform and opening up

that is sweeping across China, Xinjiang is facing a rare opportunity in its efforts to accelerate economic development. It is now enjoying very favorable domestic and international conditions: The second Asia-Europe continental bridge has been opened, smooth progress has been made in the exploitation of oil and natural gas, and peripheral countries are opening their vast markets. This is all very promising. Meanwhile, a solid foundation for agriculture and industry has been laid down in this region. Over the past few years, especially last year, we introduced a series of policies to facilitate reform and opening up. So long as we can seize the opportunity and step up our efforts during the next few years, we will be able to upgrade Xinjiang's economy to a higher level in the near future and narrow the gap between this region and other parts of the country in terms of economic development, thus enabling the region to reach a well-to-do living standard along with the rest of the country by the turn of the century.

In comparison with other parts of the country, Xinjiang lags behind in economic development. The main cause of the widening gap between this region and the rest of the country is that we are: Maintaining some outmoded concepts; subject to interference by such disputes as to whether a program is "capitalist" or "socialist" in nature and always afraid of deviation from the line; and that we have been satisfied with the existing state of affairs and accustomed to a slow pace, while laying undue emphasis on the special circumstances in Xinjiang. Therefore, we must further emancipate our minds and eliminate the influence of rightist and, in particular, "leftist" ideologies.

At present, we must step up the drive of "autonomous decisionmaking in five aspects" [wu zi zhu 0063 5261 0031] among state-owned industrial enterprises through the abolition of the old mechanism characterized by the practice of the "three bigs and the one iron" [san da yi tie 0005 1129 0001 6993] and strive to make a breakthrough in invigorating large and medium state-owned enterprises. It is necessary to encourage and support reform experiments in various forms at different levels, boldly introduce any management forms and methods that are conducive to the development of productive forces, and implement the system of separation between taxes and profits; the system of compensated transfer of ownership of enterprise assets; the enterprise merger system; the joint-stock system; and so on.

It is necessary to give full play to the region's favorable conditions in its geographical location and resources, continue to steadfastly implement the principle of "opening up to all parties while giving more preference to the west side," and vigorously explore the Central Asian market while striving to expand the markets in Hong Kong, Macao, Japan, Europe, and the United States. Xinjiang is to offer more preferential policies to explore the Central Asian market in cooperation with other provinces and regions along the coast and in the interior of the country, with a view to promoting its own economic development.

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